



If you install or apply tangible personal property . . .

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you are a retailer and the gross receipts (charges) for installing and applying tangible personal property are subject to sales tax when the sale of the property is taxable. Every retailer of taxable tangible personal property must collect sales tax on charges for installation and application labor, even if the charges for such labor are separately itemized or separately invoiced. Separate rules apply to contractors who install and apply building materials and fixtures to real estate. See our notice titled **"New Sales Tax Laws Affecting Contractors"** on our Web site.

Charges for installing and applying property are taxable regardless of whether the labor to install or apply the property is performed by the seller of the property or by a third party.

Third party installer. If you are paid to install or apply tangible personal property owned by another person, you are a retailer. You must have a sales and use tax permit and must collect sales tax on your labor charges. If you need a permit, please refer to the paragraph below titled "Retailer's responsibilities."

Examples of taxable installation and application labor include, but are not limited to:

- ◆ Installing or applying running boards, or any other component part or accessory that is attached to a motor vehicle;
- ◆ Replacing a car radio with a new combination radio/compact disc player;
- ◆ Replacing standard wheel rims with chrome rims;
- ◆ Initial placement of moveable office partitions or modular work areas;
- ◆ Set-up of a stereo system or home theater components;
- ◆ Set-up of a computer system and accessories;
- ◆ Installation of software;
- ◆ Set-up of a washer, dryer, stove, or refrigerator; and
- ◆ Laying sod or planting trees or shrubs.



Repair labor is the labor to fix or restore a worn or broken item or remove a used, worn, defective, non-functioning, or broken component part or accessory and replace it with a **comparable** item.

Charges for providing repair or maintenance labor on tangible personal property, except motor vehicles, are taxable. See the notice titled **"If you provide repair or maintenance services to personal property"** on our website.

Beginning January 1, 2006, the installation, repair, and maintenance of **manufacturing machinery and equipment** is exempt from tax. See our notice titled **"Manufacturing Machinery and Equipment Exemption"** on our website.

Agricultural chemicals. Installation and application labor to apply agricultural chemicals as defined in Nebraska Sales and Use Tax Regulations 1-061 and 1-063 is not taxable when the chemicals are applied to land or crops in commercial agriculture or to food-producing animals. Commercial agriculture does not include storage of crops off the farm or in commercial elevators.

Lawn care service providers. Charges for applying fertilizers and other chemicals (except pest control chemicals) are not taxable. Lawn care service providers are the consumers of chemicals, equipment, and supplies used to provide their lawn care services and must pay sales or use tax on their purchases of such items. Please review our notice titled **"Pest Control Services"** on our website.

Retailer's responsibilities. Retailers have certain administrative responsibilities for collecting and remitting sales tax. These responsibilities are summarized in our Information Guide titled **"Nebraska and Local Sales Tax"** on our website at: revenue.nebraska.gov or call 800-742-7474 (NE and IA), or 402-471-5729.